COMPANY UPDATE

Genting Plantations (GENP MK)

2Q25 Earnings Preview: Likely Lower qoq On Softer ASPs

GENP is set to release its results on 27 August. We expect 2Q25 core earnings to come in weaker qoq at RM90m-RM100m namely on softer ASPs and increased fertiliser application, albeit partly offset by sequentially higher production volume. The group's production trend has turned more favourable in recent months, with Jul 25's reported FFB output up 10% yoy. Maintain HOLD with an unchanged target price of RM4.70.

WHAT'S NEW

- **2Q25 preview.** We expect Genting Plantations' (GENP) 2Q25 core net profit to come in 25-30% weaker qoq at RM90m-RM100m (1Q25: RM133m). This is largely due to lower expected ASPs, in tandem with weaker spot prices of CPO and PK observed over 2Q25. At the same time, we expect unit production costs to rise sequentially mainly as the group plays catch-up on its fertiliser usage, whereby fertiliser application was rather low in 1Q25 at 11% of its target. On the other hand, this is expected to be partly offset by higher production output qoq, with FFB volumes seen rising around 15% qoq in 2Q25.
- **Proposed JV to develop Agribusiness Hub.** GENP has proposed a JV between its subsidiary, ACGT Vegetable AgVentures (AVA) and Shouguang's Shouguang Vegetable Science and Technology (SVST) to jointly develop 70 acres of land in Kulai, Johor into a centre of excellence for tropical vegetable crops, with AVA holding 60% and SVST 40% in both the JV Technology and JV Operating Companies. GENP will inject capital while SVST contributes technology, and resources, with targeted paid-up capital of RM210m and RM315m respectively. The rationale is to combine GENP's genomics capabilities with CSV's seed-to-fork expertise to develop high-yield, climate-resilient crops that strengthen food security, diversify GENP beyond oil palm into vegetable seeds, and open new revenue streams while leveraging synergies from CSV's integrated agricultural operations.
- **Completion by 1Q26 with manageable funding impact.** We noted that the proposed JV is targeted for completion in 1Q26 and will not affect GENP's share capital or shareholding structure. It is also not expected to have material impact on net assets or earnings for FY25. GENP's funding commitment of RM315m will be financed through a mix of cash and/or borrowing will be utilised for the JV development project including land acquisition and working capital. GENP's net gearing of around 0.27x and we expect to increase about 0.3x post-funding.

KEY FINANCIALS

Year to 31 Dec (RMm)	2023	2024	2025F	2026F	2027F
Net turnover	2,966	2,938	3,122	3,144	3,313
EBITDA	721	858	795	668	678
Operating profit	420	533	521	391	396
Net profit (rep./act.)	253	323	351	265	278
Net profit (adj.)	259	324	351	265	278
EPS (sen)	28.9	36.0	39.1	29.5	31.0
PE (x)	17.1	13.8	12.7	16.8	16.0
P/B (x)	0.8	1.0	0.8	0.8	0.8
EV/EBITDA (x)	8.6	8.0	7.3	8.7	8.8
Dividend yield (%)	3.8	4.5	4.0	3.0	3.1
Net margin (%)	8.5	11.0	11.2	8.4	8.4
Net debt/(cash) to equity (%)	18.9	24	22	22	25
Interest cover (x)	10.0	10.7	10.0	8.3	8.5
ROE (%)	4.8	6	7	6	6
Consensus net profit	-	-	331	336.1	333.1
UOBKH/Consensus (x)	-	-	1.06	0.79	0.83

Source: Genting Plantations, Bloomberg, UOB Kay Hian

HOLD

(Maintained)

Share Price	RM4.95
Target Price	RM4.70
Upside	-5%

COMPANY DESCRIPTION

Plantations company with property development and retail businesses.

STOCK DATA

GICS sector	Consumer Staples
Bloomberg ticker:	GENP MK
Shariah Compliant:	Yes
Shares issued (m):	897.2
Market cap (RMm):	4,441.0
Market cap (US$m):	1,053.2
3-mth avg daily t'over (US$m):	0.5

Price Performance (%)

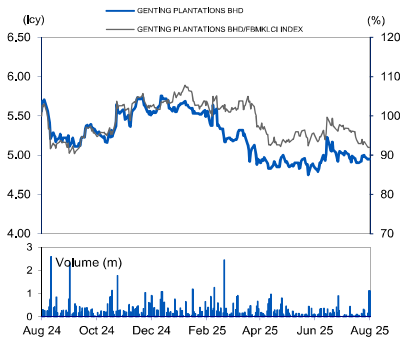
52-week high/low RM6.34/RM5.08

1mth	3mth	6mth	1yr	YTD
(2.0)	0.8	(9.9)	(11.3)	(14.0)

Major Shareholders	%
Genting Berhad	53.6
Employees Provident Fund Board	15.0

FY24 NAV/Share (RM)	5.95
FY24 Net Debt/Share (RM)	1.19

PRICE CHART



Source: Bloomberg

ANALYST(S)

Lester Siew, CFA
+603 2147 1990
lestersiew@uobkayhian.com

Anas Fitri Ahmad
+603 2147 1915
anasfitri@uobkayhian.com

STOCK IMPACT

- **Production starting to recover.** After a slow start to the year, GENP's production output appears to be picking back up in recent months, with its latest reported FFB output for Jul 25 rising 10% yoy coming off a low base last year. This brings 7M25's ytd FFB output back into growth territory (+0.7% yoy). Given its positive trajectory, we make no changes to our 2025 FFB growth assumptions, with management previously guiding for 5% output growth this year.

EARNINGS REVISION

- **Earnings estimates maintained.** We make no changes to our existing earnings estimates, while we believe that its new JV project is unlikely to pose any material earnings impact to the group at the current juncture.

VALUATION/RECOMMENDATION

- **Maintain HOLD with target price of RM4.70.** Our valuation is pegged at 12x 2025F PE, implying -1SD to its five-year historical mean.

SHARE PRICE CATALYST

- **Key re-rating catalysts** include: a) higher-than-expected CPO price, b lower production costs, c) better-than-expected FFB production growth, and d) stronger demand in the property segment.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

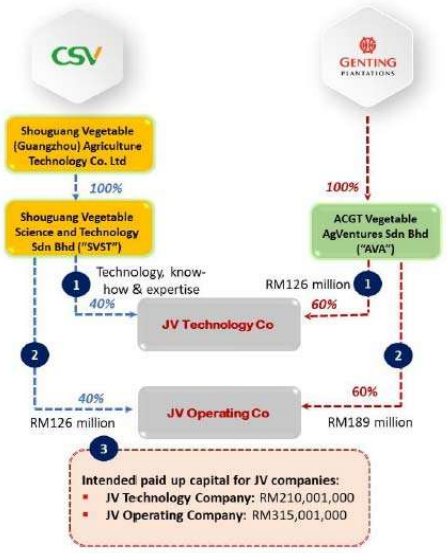
• **Environmental**
- Genting Plantation's ongoing efforts to preserve biodiversity within our operational zones ensure the integrity of areas designated as having high conservation value (HCV) and high carbon stock (HCS).
- The RSPO's New Planting Procedure (NPP) and its Sustainability Policy serve as the foundation for our non-deforestation, conservation, and biodiversity strategy.
- By 2050, Genting Plantation plans to lower the levels of chemical and biochemical oxygen demand to improve the quality of the water.
• **Social**
- Guiding local communities on sustainable farming practices to minimise adverse environmental impacts
- Forming the Tan Sri (Dr.) Lim Goh Tong Endowment Fund, to support talented people with undergraduate scholarships.
- Aiming to migrate OSHMS to the ISO 45001, aligning with the OSH Master Plan 2024 by 2025.
• **Governance**
- The development of three important policies that follow the related criteria and are in line with the ideas of good governance, namely the Whistleblower Policy, the Code of Conduct and Ethics, and the Anti-Bribery and Corruption System Policy.

KEY ASSUMPTIONS

	FY25F
FFB production growth	5% yoy
CPO Prices	RM4,200/tonne
Downstream Margin	1%

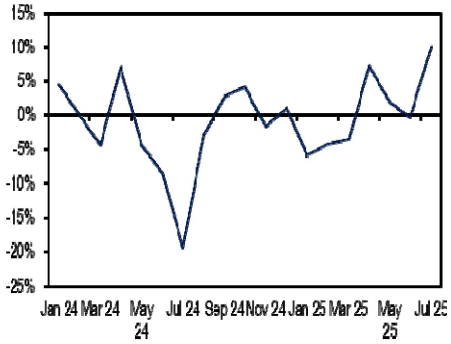
Source: GENP, UOB Kay Hian.

STRUCTURE OF THE PROPOSED JV



Source: GENP

MONTHLY FFB PRODUCTION TREND YOY



Source: GENP

PROFIT & LOSS

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Net turnover	**2,938**	**3,122**	**3,144**	**3,313**
EBITDA	892	795	668	678
Deprec. & amort.	324	274	277	283
EBIT	567	521	391	396
Total other non-operating income	0	0	0	0
Associate contributions	44	52	63	75
Net interest income/(expense)	(83)	(79)	(81)	(80)
Pre-tax profit	**527**	**494**	**373**	**391**
Tax	(146)	(148)	(112)	(117)
Minorities	(12)	5	4	4
Net profit	**370**	**351**	**265**	**278**
Net profit (adj.)	370	351	265	278

BALANCE SHEET

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Fixed assets	4,928	4,962	5,047	5,128
Other LT assets	1,223	1,000	1,030	1,061
Cash/ST investment	1904	1839	1727	1449
Other current assets	141	123	24	24
Total assets	**9,624**	**9,529**	**9,441**	**9,339**
ST debt	1678	1678	1678	1678
Other current liabilities	491	491	491	491
LT debt	1,466	1,336	1,202	1,068
Other LT liabilities	589	589	589	589
Shareholders' equity	5,277	5,277	5,277	5,277
Minority interest	57	57	57	57
Total liabilities & equity	**9,626**	**9,529**	**9,441**	**9,339**

CASH FLOW

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Operating	**494**	**622**	**507**	**348**
Pre-tax profit	335	346	261	274
Tax	(146)	(148)	(112)	(117)
Deprec. & amort.	324	274	277	283
Working capital changes	(206)	(143)	(4)	(32)
Other operating cashflows	186	293	85	(58)
Investing	(376)	(359)	(359)	(359)
Capex (growth)	**0**	**0**	**0**	**0**
Capex (maintenance)	(359)	(359)	(359)	(359)
Investments	0	0	0	0
Proceeds from sale of assets	**0**	**0**	**0**	**0**
Others	(18)	0	0	0
Financing	**715**	**(304)**	**(261)**	**(268)**
Dividend payments	(188)	(175)	(132)	(139)
Issue of shares	0	0	0	0
Proceeds from borrowings	1,206	1,206	1,206	1,206
Loan repayment	(1,340)	(1,340)	(1,340)	(1,340)
Others/interest paid	1,037	5	5	5
Net cash inflow (outflow)	833	(41)	(112)	(278)
Beginning cash & cash equivalent	**1,049**	**1,880**	**1,839**	**1,727**
Changes due to forex impact	(1)	0	0	0
Ending cash & cash equivalent	1,880	1,839	1,727	1,449

KEY METRICS

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	30.4	25.5	21.3	20.5
Pre-tax margin	18.0	15.8	11.8	11.8
Net margin	12.6	11.2	8.4	8.4
ROA	4.1	3.9	3.0	3.1
ROE	7.7	7.3	5.5	5.8
Leverage				
Debt to total capital	26.5	25.2	25.2	25.2
Debt to equity	36.7	34.3	34.3	34.3
Net debt/(cash) to equity	23.5	22.3	21.8	24.6
Interest cover (x)	10.7	10.0	8.3	8.5

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